

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 97-391-S – ORDER NO. 98-33
JANUARY 19, 1998

IN RE:	Application of Wyboo Plantation Utilities,)	ORDER
	Inc. for Approval of an Establishment of a)	ESTABLISHING
	Sewage Service Area and Rates and Charges)	SERVICE AREA
	for Sewer Service in Clarendon County,)	AND APPROVING
	South Carolina.)	RATES AND CHARGES

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of Wyboo Plantation Utilities, Inc. (Wyboo or the Company) for the establishment of a sewerage service area and rates and charges for sewer service in Clarendon County, South Carolina.

The Commission's Executive Director instructed Wyboo to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected area. The purpose of the Notice of Filing was to inform interested parties of Wyboo's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Wyboo complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

A hearing was commenced on January 8, 1998 at 10:30 AM in the Commission's Hearing Room, with the Honorable Guy Butler, Chairman, presiding. William T.

Gregory appeared as the agent for the Company. The Commission Staff was represented by F. David Butler, General Counsel. Staff presented no witnesses.

Mr. Gregory testified. Gregory stated that Wyboo currently serves at no charge the area in or near Wyboo Plantation Subdivision in Clarendon County, South Carolina. Some twenty (20) customers are presently being served by the Company. The Company possesses a 184,000 gallon per day Class II-B Treatment Plant, which is permitted by the South Carolina Department of Health and Environmental Control (SCDHEC). Gregory further asked for approval of rates and charges, in the form of a tap fee of \$500 and \$20.00 per month flat rate per dwelling for service.

Gregory testified that the proposed rates are fair and reasonable according to his necessary operating expenses. He further stated that Wyboo has contracted with Utility Management Services, who are licensed engineers and water and sewer distribution operators, to comply with all requirements. Average customer usage on the system has been 100 gallons per day. Wyboo's plant capacity is 218 customers.

FINDINGS OF FACT

1. The Company is a public utility which operates in the State of South Carolina and is subject to the jurisdiction of the Commission pursuant to S.C. Code Ann. Section 58-5-10 et seq. (1976) as amended.
2. The Company will provide sewerage service to twenty (20) customers in and near the Wyboo Plantation Subdivision in Clarendon County, South Carolina, and such further customers as may purchase lots therein.

3. The present case is an establishment case, as the Company has not had rates and charges previously established by this Commission for sewerage service. By way of its Application, the Company requests that we approve a flat residential rate per dwelling of \$20.00 per month, and a tap fee of \$500.

4. An examination of the proposed rates and charges shows that they are just and reasonable. There is no opposition to those charges.

5. The Commission finds that an appropriate operating margin of (128.71%) is reasonable in light of the income and expenses of the Company.

6. The rate schedule approved by the Commission herein and depicted in Appendix A attached hereto and incorporated by reference is appropriate and should be adopted.

CONCLUSIONS OF LAW

1. Pursuant to S.C. Code Ann. Section 58-5-10(2) and 58-5-10(3) (Supp. 1997), the Company is a public utility as it is a corporation which will furnish sewerage service to the public for compensation, and , as such, is subject to the regulatory authority of the Commission to supervise and regulate rates and services of the public utilities of this State. The Commission exercises general supervisory and regulatory jurisdiction over public utilities such as the Company herein, in respect to approval of service area and establishment of rates and charges pursuant to S.C. Code Ann. Section 58-5-210 (Supp. 1997).

2. The Application of the Company shows that it is intended to serve twenty (20) customers on a sewerage system and other customers who buy lots in or near

Wyboo Plantation Subdivision. The Commission finds and concludes that there is a need for a certified sewerage system in this area of Clarendon County where the Company seeks approval of its service area.

3. By its Application, the Company requests establishment of rates. The fact that this proceeding is an establishment case for the rates requested by the Company is not in dispute, nor are the rates proposed by the Company.

4. No South Carolina statute prescribes a particular method to be utilized by the Commission to determine the lawfulness of rates of a public utility furnishing sewerage service. For ratemaking purposes, this Commission examines the relationships between expenses and revenues.

The Commission may decide to use the operating ratio and/or operating margin as guides in determining just and reasonable rates for a sewer utility, instead of examining a utility's return on its rate base. The operating ratio is a percentage obtained by dividing total operating expenses by operating revenues. The obverse side of this calculation, the operating margin, is determined by dividing net operating income for return by the total operating revenues of the utility.

The Commission finds and concludes that its use of the operating margin has resulted in fair rates to both utilities and ratepayers. This method was recognized as an acceptable guide for ratemaking purposes in Patton v. South Carolina Public Service Commission, 280 S.C. 288, 312 S.E. 2d 257 (1984). The Commission will therefore continue to use the operating margin as a guide in determining the lawfulness of the Company's proposed rates and the fixing of just and reasonable rates in this proceeding.

The Commission has considered the proposed rate presented by the Company in light of the various standards to be observed and the interests presented before the Commission. The Commission must balance the interests of the Company with the competing interests of the ratepayers. In balancing these competing interests, the Commission has determined that the Company' proposed rates are just and reasonable. Based upon the competing interests which the Commission must balance and the record in the instant proceeding, the Commission concludes that (128.71%) is a fair operating margin for the Company to have an opportunity to earn. This would require an annual operating loss of (128.71%). The following Table reflects an operating margin of (128.71%):

TABLE A

Operating Revenues	\$20,800
Operating Expenses	<u>47,572</u>
Net Operating Income	(26,772)
Customer Growth	-0-
Total Income for Return	<u>(26,772)</u>
Operating Margin	(128.71%)

In order to earn a (128.71%) operating margin, the Company may charge the rates as they appear in Appendix A, attached to this petition.

IT IS THEREFORE ORDERED THAT:

1. The Company is granted a Certificate of Public Convenience and Necessity to operate a sewer utility in Clarendon County, South Carolina in and near the Wyboo Plantation Subdivision.


2. The proposed schedule of rates and charges as set forth in the Application is found to be just and reasonable, and is hereby granted.

3. The schedule of rates and charges as set forth in Appendix A is approved and may be charged for service rendered on or after the date of this Order. The schedule of rates and charges is deemed to be filed with the Commission.

4. The Company shall maintain its books and records for its sewer operations in accordance with the NARUC System of Accounts for sewer utilities as adopted by this Commission.

5. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

APPENDIX A

WYBOO PLANTATION UTILITIES, INC
ROUTE 4, BOX 693
317 PLANTATION DRIVE
MANNING, SC 29102
1 (800) 951-2605

FILED PURSUANT TO DOCKET NO. 97-391-S – ORDER NO 98-33
EFFECTIVE DATE: JANUARY 19, 1998

THE SCHEDULE OF SEWER RATES AND CHARGES ARE AS FOLLOWS:

Monthly Sewer Usage Rate	-	\$ 20.00
Tap Fee	-	\$ 500.00